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REVISE GDR FINANCIAL SYSTEM

GDR FINANCIAL APPARATUS TO BE COORDINATED WITH USSR SYSTEM -- Buenos Aires, Argentinisches Tageblatt, 16 Sep 51

The German Democratic Republic's financial system is to be adapted more closely to the policies and methods now in effect in the USSR.

The scope of the Deutsche Notenbank (German Bank of Issue) is to be extended, so that in addition to the people-owned economy it will also control private business. It is expected that strict measures will be enforced in the near future, and that any violations of the financial regulations will lead to suspension of credits and blocking of accounts in Soviet zone banks; or, in other words, to a freeze-out of private business. Moreover, uniform mark-ups are to be introduced, as a result of which private business will, in the long run, be driven out of existence, because the people-owned and nationalized enterprises are largely subsidized by the state.

In this connection, the development of foreign trade in East Germany is significant. According to investigations of the Berliner Zentral Bank in West Berlin, Soviet Zone imports and exports in 1949 amounted to 700 million East marks, exclusive of reparations and deliveries and interzonal trade. By 1950, these foreign trade exchanges approximated 1,200,000,000 East marks, and a further increase is anticipated for the current year.

The considerable rise in East German foreign trade can be traced principally to the development of trade connections with East bloc countries. During 1951, the GDR's trade with the USSR and its satellites will amount to approximately 90 percent of its total foreign trade volume. In 1950, trade with the East bloc countries amounted to more than twice the legal interzonal trade, with 50 percent of the import-export transactions restricted to the USSR.

Total imports (by value) consisted of 21.6 percent in coal, 17.5 percent in iron and steel, 7.3 percent in chemical products, 10 percent in textile raw materials, 28 percent in food, and 20.6 percent in miscellaneous imports etc; total is 105 percent.

- 1 -

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REORGANIZE FINANCIAL POLICY -- Berlin, Taegliche Rundschau, 21 Sep 51

A 3-day conference on the financial policy of the German Democratic Republic was held 17 - 19 September in Berlin.

In a resolution, members of the finance staff pledged themselves to take immediate steps toward the elimination of existing mistakes and deficiencies in the GDR's financial economy.

The resolution also favored the introduction of standardized industrial accounting methods and of the contract system at all people-owned enterprises. At the same time, it was decided to change these enterprises into independent economic units, to supply them with individual investment capital and circulating funds, and to subject them to separate taxation, instead of letting them consolidate their profits and losses with those of the VVB (Federation of People-Owned Enterprises). They are also to obtain independent credits.

Willy Rumpf, State Secretary in charge of coordinating the entire financial system of the GDR, instructed the management of the HO (trade organizations) to improve the distribution of the goods offered for sale, as well as sales methods, and to authorize privately owned shops to sell HO goods. -- ADN

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- 2 -

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